

INSTITUTE OF CURRENT WORLD AFFAIRS

JEF-6

47/1 Ngamwongwan Road
Bangkok 9, Thailand
December 30, 1973

The Problem of Equality - Continued

Mr. Richard H. Nolte
Institute of Current World Affairs
535 Fifth Avenue
New York, New York

Dear Mr. Nolte:

Since my last newsletter the political situation has developed quite rapidly and remarkably here. Perhaps early next year I shall write up my impressions of events as they stand then -- it is a little too early now, with so many efforts midway through, such as the new constitution now being drafted, the new legislative assembly just chosen, and the government's new economic policies. I should note now though two corrections to data I included in my last newsletter: first, where I wrote that four girls were crushed by a tank, I am now informed the correct figure is only two; and for casualties, the official figures are 69 killed and 875 wounded. However there are still large numbers of students missing even now -- numbers quoted range from one thousand to two thousand. There has, so far as I know, been no accounting for these people, though rumors, thus far unsubstantiated, continue to circulate about mass graves and truckloads of bodies being dumped into the Chao Phya River.

Returning to my long range topic, interrupted last time by a revolution, I ought to report an interesting conversation I had. I was trying last month to explain to some friends what I am working on now: how surplus is extracted from some people so that cultivators end up with next to nothing, kings and generals end up with palaces, etc., and the present-day versions of the same thing. One friend remarked, and he was it turned out speaking for several of them, "But what is the problem? How else could you have a society?" I am frankly not sure how to interpret such a remark, though I have run into the same kind of idea several times; I infer though that the cognitive aspect is clearly part of the problem.

Several people have also written and indicated puzzlement about my approach. To clarify, I should start by saying that philosophers and theologians have been struggling for a thousand years, probably longer, trying to decide how to identify the "purpose" of something. It's plain you can't always believe what people are saying is the purpose of an action or an institution. What is equally clear is that one of the consequences of every society that I know of, except for the very earliest which I will discuss here, is inequality of all sorts. I have thought it would be instructive therefore, to phrase my inquiry as if these inequalities were the intended consequences of societies. My hunch is that in due course some shocks of recognition may ensue.

In what follows I have profited greatly by talking with my colleagues here in Thailand and by going through the works of Peter Blau, Gerhard Lenski, and Eric Wolf.

Sincerely,


Jeffrey Race

Jeffrey Race is an Institute Fellow concerned with contemporary Thai society.

The beginnings of economic inequality

Industrial societies, even most modernizing traditional societies at the present time, are too complex to understand easily the mechanisms involved in producing and perpetuating economic inequality. This complexity arises principally from the variety of kinds of production and hence of numbers of different actors involved; the resulting matrix of exchanges is too difficult to trace. By going back to the very earliest of human societies, however, we can learn the essentials of distribution before complexity sets in, i.e. before there is more than one production method, before there is trade, before there is money, even before there is government. Moreover, since a surprising reversal of wealth transfers takes place shortly after human society begins to develop, we can learn the structural requirements of inequality from observing the transition from the earliest type to the one succeeding it.

We should note in passing that there is no intrinsically stable distribution of wealth, not even equality. This may be somewhat surprising, but it is clear when we think that in a situation of equally distributed goods, any few people could enhance their position by collaborating to expropriate others; of course, their new wealth would not be secure either, since some other group could form, etc. ad infinitum. The game theorists describe this as the three-people-dividing-the-dollar game: there is no stable coalition. But since in fact we usually observe stability, and rarely this war of all against all, there must be something more to the problem than this, especially since we observe not just great inequality, but great contentment with inequality.

Primitive equality: hunting and gathering societies and closed corporate communities

The anthropological record suggests that the highest degrees of equality in history have existed in hunting and gathering societies and, to a somewhat lesser degree, in "closed corporate communities." Of course, these two types of communities have certain important drawbacks as models for an ideal future, but they are instructive for our present purposes. The conditions of the first are approximated by some of the tribal groups which wander about in the mountains of Southeast Asia; the conditions of the second are approximated by lowland village communities in areas of Thailand and neighboring countries where transportation and the cash economy have not yet made much headway (these are of course disappearing rapidly).

The analysis which follows is phrased in terms of hunting and gathering societies but with some modifications it could apply to sedentary corporate communities as well.

The important structural features of communities enjoying primitive equality are:

1. Little surplus -- the techniques of production do not permit much leisure, one and all must work to eat; in real terms, almost all members must work 360 days to eat 365.
2. No capital goods, no investment -- all receipts are in physical form from labor.
3. Small groups -- bands of 100 or so people, not part of any larger political or military structure. Perfect internal communication.
4. Little division of labor -- everyone hunts, fishes, or gathers/grows food; there is no full-time "chief" or staff.
5. Equality of weapons and training -- no special group monopolizes violence; all know each other (via #3) and can organize freely.
6. Some inequality in food production -- depending on skill, fleetness of foot, eye-

sight, health, or diligence; hence there are some inequalities in the flow of food to individuals.

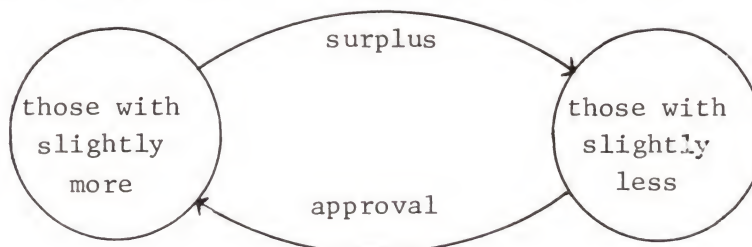
7. No constant external ties -- relationships of cooperation must be entirely among the members of the community itself.

Understanding distribution in this kind of community is relatively simple; it consists of two stages. First, the direct physical flows are not completely equal, owing to skill and endowment variations. Naturally, also, the young, the old and the sick cannot produce. Even so, these first-order flows, before any redistribution, are more equal than in later stages of society, since there is practically no surplus produced. In more technical terms, there is less distribution about the mean because death from starvation lies immediately below the mean. Second, even these first-order differences are ironed out to some extent by redistributive processes.

The levelling transfers in such communities operate through the conjunction of structural features 3, 5 and 7, and to some extent 2 also. Since there are no capital goods and hence no investment possibilities (#2), all physical returns must be consumed. Nevertheless it would be possible for some to consume somewhat more than others by using violence to extract the last ounce of surplus; this could be used to feed both the purveyors of violence and others who would work to provide the "better things in life" such as better living facilities. This mechanism fails to work however. Structural feature #7 dictates that any collaboration to extract surplus from community members must be with community members alone; there are no outsiders with whom alliances can be formed. But the community is small enough (#3) and there is such uniformity in the ability to inflict violence (#5) that anyone could form a group to expropriate others; hence everyone could; hence no one can.

This practical impossibility of transfers to increase inequality is one-half of the reality of living in such a community. Since there is little surplus (#1) and hence little if any savings against a "rainy day" such as sickness or old age, each community member must act to maximize his probability of survival not just today but on that rainy day which is sure to come. Thus those who are well off today give their surplus to others, to gain esteem, and to avert violence against themselves if they did not give. Anthropologists call this the "prestige economy" and it works through ritual feasts, celebrations, and plain "generosity" to transfer surplus from those with more to those with less. No doubt accumulators would like to keep their surplus, but they cannot develop a local staff to protect themselves from their fellows, and they cannot rely on outsiders. Consequently a good face is put on what has to happen anyway; the fortunate share their advantages, and they gain prestige by doing it. To be plain about it, social approval is the alternative to a stab in the back.

This system can thus be interpreted as one of mutual social control, which converges on equality because there are no structurally distinct groups. Each person has more or less the same needs (food and approval) and has more or less the same thing to offer (food and approval). We might diagram it thus:



To use the same terminology as will be applied to the second model, we can say that everyone in such a community has the same technical processes (T) for producing subsistence and surplus, and for producing violence. The rules (R) for behavior are very simple: 1. No one wants to die; 2. Everyone wants to eat; 3. Anything is allowed.

The conjunction of these T's and R's leads to the very slight differentiation shown in the diagram, between those who have more and those who have less; but the differences are not great, and the groups are not structured. According to Rule 3, of course, those with slightly less could form a structured group at any time to compel by violence (T-2) the surrender of their surplus. Thus we can say that the surplus anyone is left with is determined by two things: in the first round of production, by the T of each individual; in the second round of distribution, by the matrix of R's, which in this case is very simple.

We may thus draw three conclusions from the behavior of this kind of community:

1. Even in this primitive type of community there is some differentiation in income through differences in skill, health, etc.
2. Surplus is transferred through explicit redistributive mechanisms from those with more to those with less.
3. Economic inequality largely vanishes, to reappear as inequality of prestige, i.e. for the most skillful hunter, the most generous family, etc. Thus, there apparently has to be some kind of rewards to motivate behavior; it is a question of what form they will take.

Advanced agrarian society

Hunting and gathering societies do not help much as models of what we are looking for, because their technical processes have inadequate productivity to generate much surplus, and because their degree of inequality does not approximate that set forth in the specifications. Advanced agrarian societies are much more satisfactory in these respects though they too have their shortcomings. It should be emphasized that the following structural analysis is only of the distributive process; it is therefore highly abstracted, and some might call it a gross caricature of reality. It ignores, for instance, the defense functions of the military and police, and the community service functions of religious organizations. That is to say, it ignores subjective intentions and focuses on distributive consequences. Whether the distributive results are "necessary" is not addressed. Furthermore, how such a distributive system can exist despite the very great inequalities is also not addressed -- this is an effort to understand the structure only. In real terms, the question we seek to answer is how the surplus is transferred so that the cultivators do not adorn their own humble homes, but build churches and palaces instead.

The structural features of the society we are analyzing here are as follows:

1. More surplus -- the techniques of production permit members to live all year with about 100 or so days of labor. Thus leisure is at least a theoretical alternative to perpetual work.
2. No capital goods, no investment -- all receipts are in physical form from labor.
3. Large size, segmental structure -- may consist of millions of people.

4. Division of labor -- four major groups, of which but one produces surplus.
5. Inequality of weapons and training -- violence machinery is one element of division of labor (cf. #4).
6. Some inequality in food production among those who produce food -- due to skill etc.
7. Linkages outside village communities -- between some local community members and agents of the larger political/military structure.

The distributive characteristics of this structure are roughly as follows:

1. Those who produce the food surplus get only subsistence.
2. Those who do not produce the food surplus receive anything from subsistence to luxury.

This is achieved by a redistributive process which works differently from that of hunting and gathering societies. The following model attempts to simulate a structure which would produce these distributive results which are actually achieved in the real world.

Groups: Leader (L) [head of tax collectors]; General (G) [head of violence machinery]; Priests (P); Cultivators (C).

Endowments: Each group is endowed with a technical process or processes --

L has T-1 -- tax collectors, whom he must pay himself, who collect taxes (TAX);

G has T-2 -- soldiers, whom he must pay himself, who provide either life (LIF) or death (DTH) according to orders (immediate delivery);

P has T-3a --) supernatural forces, who receive communications from P; they
T-3b --) provide either salvation (SAL) or damnation (DAM); in addition they may be influenced by P to provide SAL to those who pay TAX peacefully; thus T-3b permits P to make available tax-collecting capacity (TCC) (SAL/DAM delayed delivery; TCC now);

C has T-4 -- land, which he must operate out of his own resources, which provides subsistence (SUB) and surplus (SPL), according to a process of which C is custodian (delivery six months hence).

Resources and needs of each group

L needs LIF and SPL; offers SPL collected via T-1(TAX)

G " LIF and SPL; " LIF/DTH via T-2

P " LIF and SPL; " (SAL/DAM via T-3a
(TCC via T-3b)

C " LIF and SAL; " SPL via T-4

The rules of advanced agrarian society

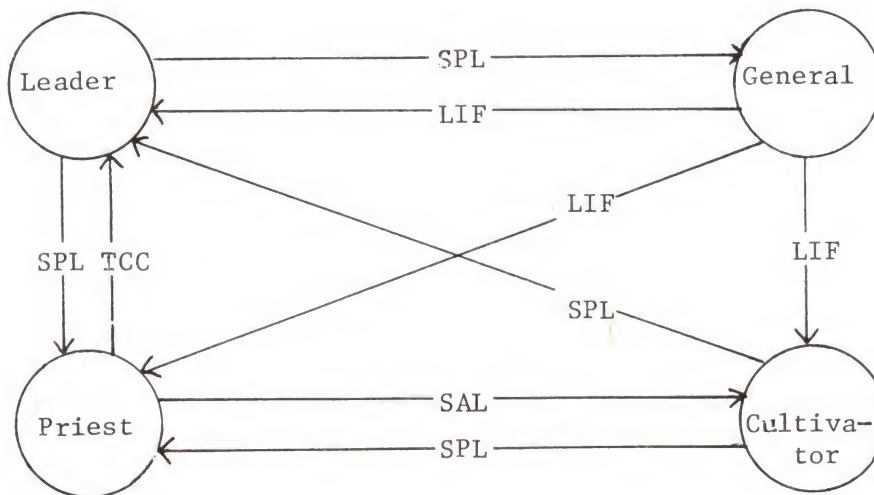
1. Each player operates only his assigned technical process.
2. Everyone wants to eat.
3. No one wants to die.
4. All are infinitely selfish and want as much SPL as possible.
5. Supernatural forces forbid killing.
6. Only cultivators believe in supernatural forces.
7. TAX must be paid regardless of yield.
8. Subordinates obey only superiors in an organization.
9. Otherwise anything is allowed.

The operation of the system

The following are obvious from inspection:

1. L, G and P cannot kill all C since they need SPL (R-1, R-2, R-3 x T-4).
2. C cannot kill any L, G or P since they need SAL (R-5, R-6 x T-3a).
3. C must produce SPL or else they would starve (R-2, R-3, R-7 x T-4).
4. L must share SPL with G or else C would not pay TAX and G would kill L (R-3 x T-2).
5. P offers SAL to C in exchange for some SPL. In addition, P realizes, shortly after play begins, that he has a much more valuable resource, namely TCC, which he can exchange with L for SPL; this is more efficient, since in the division of labor L has a specialized apparatus for transferring SPL, relying on the support of G, who offers immediate DTH for non-payment instead of deferred DAM.

The exchanges that the various parties make can be shown more clearly if laid out in a diagram, which looks like the following:



To find the equilibrium solution for C is fairly simple. First, C trades some of his SPL to P for SAL. However, L has to live too, and he has fairly heavy expenses, so he sets the rate of TAX quite high. Naturally, C refuses to pay; L asks G to enforce collection; G refuses unless he gets a share of TAX; L agrees to share; G gives DTH to one C; the rest of the C pay TAX. The rate which C agrees to pay will converge at the point where the amount of LIF that they get from SUB and G are equal, i.e., where they surrender all their SPL after trading the initial increment for SAL. Thus, after the system operates for a while, the following distribution emerges:

L	gets	LIF	now	and	some	SPL	now
G	"	LIF	"	"	"	SPL	"
P	"	LIF	"	"	"	SPL	"
C	"	LIF	"	"	SAL	later.	

Thus far the structure duplicates quite closely what happens in the real world, i.e. it offers one way to explain how the cultivators continue for thousands of years to live in hovels while the priests, leaders and generals live in churches and palaces. What it does not explain, at least with the information provided, is the relative shares of L, G and P. Without going into a lot of detail we can say that this depends

on the nature of the belief system, on the comparative cost of extracting surplus by violence or by mystification, on the ease with which one group can take over the technical process of another, and no doubt to some degree, and in the short run, on the personalities of the people involved in each group.

As with the primitive hunting and gathering society, we may draw several conclusions from the behavior of this type of community.

1. Among those who produce surplus (the cultivators), there is some differentiation in income through differences in skill, health, etc.
2. Surplus is transferred through explicit redistributive mechanisms from those who have less to those who have more.
3. Economic inequality greatly increases.

Thus two things are apparent when comparing the two types of arrangements. First, there is a reversal in the direction of redistributive flows from the first to the second. Next, in both cases, redistribution takes place by processes independent of the process of production. That is to say, some inequality arises from the working of the technical process producing surplus; but more inequality arises from the operation of the other technical processes for appropriating surplus and of the matrix of rules in which these appropriative processes are embedded. It is a reasonable first approximation, for example, to say that altering the technical process of production in such a system as just described, to produce more surplus, would result only in the enrichment of the leaders, generals and priests, because it would take place within the old structure of appropriative processes and behavior rules. So the manipulation of distribution requires altering the distribution of technical processes and altering the behavior rules.

We have not yet, however, inquired as to what is the mysterious secret which brings about the remarkable reversal in the direction of transfers from hunting and gathering to more advanced societies. When we look at the structural differences between the two, one thing which strikes our attention immediately is the differentiation which has taken place, resulting in a division of labor between technical processes. Marx, among others, was very critical of this division of labor as one of the elements of social inequality. Closer inspection reveals, however, that it is not the division of labor that necessitates economic inequality, though it is permissive of this outcome. Rather it is the autonomy of the differentiated sectors, in contrast to the system of mutual social control (absence of autonomy) which existed in hunting and gathering societies. Even in the latter there was some differentiation, but independent of this were flows of surplus from those with more to those with less. Those with more could not accumulate because they were not immune to the transfer demands from those with less.

In advanced agrarian societies, however, there are four groups each with its own technical process; of these four, two and perhaps three (P maybe) have a structure in which (via R-8) subordinates obey only superiors, and not those outside the structure of compliance/technical process operation. The heads of the respective structures also (via R-4) obey only their own whims; and no one can perform anyone else's T (via R-1). Due to S-3 there is poor internal communication, and due to R-5 and R-6 the cultivators cannot use violence against anyone else, even if they could get together despite the communication difficulties. The result of this conjunction of S's, R's and T's is autonomy, bringing economic inequality as an automatic result, if everyone quietly follows his own affairs. That is, the matrix of outcomes shown above is sub-

jectively "best" for each participant, and seen as such, given the endowments stated -- through the exchanges shown, everyone is better off than if there were no exchanges at all.

This is so far just the broad outline of the structure of inequality, and many details remain to be filled in by further inquiry. Moreover, this can hardly be considered the whole solution, since we have in a sense simply pushed the riddle one level deeper -- a number of serious problems remain, such as:

1. Even though we have found the secret of inequality in autonomous groups endowed with different technical processes, there remains the wheel-within-the-wheel of how structured autonomous groups can exist. In view of the dividing-the-dollar game, there is no obvious reason why subordinates should comply and get but subsistence themselves, while their superiors enjoy alone the benefits of the appropriative process belonging to the entire structure.
2. Although we have developed a structure which will produce inequality and extract the surplus, we have not solved the problem of contentment with inequality.
3. Is this extractive structure the same one that works in yet later systems of human society? Or is it something different when there is monetization of exchange, differentiation of production, and a decline in belief in supernatural forces and their imputed commandments? This is particularly important, since even advanced agrarian society has many failings in meeting the specifications set forth. The principal one, of course, is the relatively low level of production of surplus.
4. It is not clear how such a system as outlined above, which looks like an eternal steady state, could ever evolve into anything more advanced.
5. What determines the division of the surplus among the leader, general and priestly groups?

Even so, this analysis seems to have some value, for it focuses our attention on what seem likely to be the crucial types of factors in inequality, regardless of the particular structure at a given moment: these are -- the types of technical processes (productive or extractive), their distribution, and the factors influencing their distribution; the rules of behavior in which the technical processes are embedded; the nature of the belief system propagated by the priests. The first is a question of technology impinging on an environment; the second a question of the functioning of social institutions; and the third a question of culture in a broad sense. All three working together define the distributive outcome; all three must be studied in their variations to understand the distributive outcome; and manipulating any of the three, or all of them, offers a means to alter the distributive outcome.

Received in New York on January 14, 1974